

SCHEDULE 16.8 — FEE ADJUSTMENTS

1. CRITICAL MILESTONES

1.1. Milestone Fund

Commencing on the Effective Date, each month during the Term and any period of Disentanglement, the Contractor may only invoice the County ninety percent (90%) of the Monthly Services Charges otherwise payable. The portion of such Monthly Services Charges not invoiced for each six month period following the Effective Date is referred to herein as the “Six-Month Milestone Fund.” As more particularly set forth below, the County shall earn amounts to be paid out of the Six-Month Milestone Fund created during the first six month period following the Effective Date upon the Contractor’s completion, and the County’s Acceptance, of Critical Milestones during the second six month period. This methodology shall apply to each six month period during the Term and any period of Disentanglement. Fee Reductions for Failure to meet Transition Critical Milestones are not subject to this Section 1.

1.2. Establishment of Critical Milestones

The County in its sole discretion shall, by not later than May 15, 2006, and each November 15th and May 15th of each Contract Year thereafter, (i) designate (in accordance with Section 4.12 of the Agreement) one or more milestones as “Critical Milestones,” each of which shall consist of the successful performance of certain Services that the County reasonably deems important for Contractor to perform within the applicable six-month period (July 1 through December 31 and January 1 through June 30 of each year), and (ii) assign a certain percentage of the Six-Month Milestone Fund to each such Critical Milestone (so that the total percentages assigned to all Critical Milestones in a particular six month period shall represent one hundred percent (100%) of the Six-Month Milestone Fund established for such six month period). Prior to establishing any Critical Milestones, the County agrees to discuss with Contractor any potential Critical Milestones and related questions. This obligation does not in any way limit the County’s ability to establish Critical Milestones in its sole discretion.

1.3. Payment to Contractor

Upon Contractor’s completion of any Critical Milestone in accordance with the acceptance criteria established by the County and the County’s Acceptance of such Critical Milestone before or on the date specified for such Critical Milestone, the Contractor may invoice, and the County shall pay to Contractor, the percentage of the applicable Six-Month Milestone Fund allocated by the County to such Critical Milestone. For clarity, the County shall have no obligation to pay any portion of the Six-Month Milestone Fund applicable to a particular Critical Milestone unless and until the Contractor successfully completes, and the County grants Acceptance of, such Critical Milestone by the date specified within the applicable six month period.

1.4. Potential for Earnback

Following any failure to meet a Critical Milestone, the County may, in its sole discretion, provide Contractor with an opportunity in future Critical Milestones to earn back portions of any amounts of the Six-Month Milestone Fund retained by the County as a result of such failure(s). Any earn back amounts in any future Critical Milestone shall be designated by the County in writing in its sole discretion, and may only be earned by Contractor for meeting the specific earn back performance criteria established by the County in writing in such future Critical Milestone by the County. The County is under no obligation to provide the opportunity for earn back.

2. FEE REDUCTIONS FOR MASLS

2.1. Definitions

Unless otherwise expressly defined in this Schedule 16.8, capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

“**MASL At Risk Amount**” means, for any month during the Term, ten percent (10%) of the Monthly Service Fees excluding any fees for Transition as set forth in Schedule 16.1.

“**MASL At Risk Pool**” means two hundred percent (200%).

“**Weighting Factor**” means, for a particular MASL, the portion of the MASL At Risk Pool used to calculate the Fee Reduction payable to the County in the event of a Failure with respect to that MASL.

2.2. Calculating Fee Reductions

For each Failure relating to a MASL, Contractor shall pay or credit to the County a Fee Reduction that will be computed by multiplying (a) the Weighting Factor for such MASL by (b) the MASL At Risk Amount. For example, assume for purposes of illustration only, that Contractor has a Failure with respect to a MASL with a Weighting Factor of 8% and that the Monthly Service Fees equal \$100,000 and the MASL At Risk Amount is 10%. The Fee Reduction due to the County for such Failure would be: $8\% * (10\% * \$100,000) = \800 .

2.3. Several Failures

Subject to Section 2.3 below, if more than one Failure with respect to MASLs has occurred in a single month, the sum of the corresponding Fee Reductions shall be credited or paid to the County.

2.4. Cap

In no event shall the aggregate amount of Fee Reductions credited or paid to the County with respect to all Failures with respect to MASLs occurring in a single month exceed the MASL At Risk Amount.

2.5. Credit of Fee Reductions

Contractor shall itemize the total amount of Fee Reductions it is obligated to pay or credit to the County with respect to MASL Failures occurring in a given month on the invoice that contains charges for such month. Contractor shall credit the total amount of such Fee Reductions related to a given month on the invoice that contains charges for such month. Upon termination or expiration of the Term, Contractor shall pay to the County the amount of any Fee Reductions not so credited to the County's account or any unused portion of such Fee Reductions.

2.6. Multiple MASL Failures

If a Failure with respect to a given MASL recurs in consecutive Measurement Periods, the amount of the applicable Fee Reduction payable to the County shall be multiplied by the following factors for subsequent Measurement Periods: (i) MASL Failure in two consecutive Measurement Periods, then 1.5 times the amount of the Fee Reduction as originally calculated; and (ii) MASL Failure in three or more consecutive Measurement Periods, then twice the amount of the Fee Reduction as originally calculated. The Fee Reduction for any given MASL shall only be increased as described above, and such increase shall be payable for all successive consecutive Failures with respect to such MASL.

2.7. Potential for Earnback

Following any Failure to meet certain MASLs, the Contractor will have an opportunity in future periods of performance of such MASL to earn back portions of Fee Reductions provided to the County as a result of such Failure(s) in accordance with the procedures set forth below. During Transition, the County and Contractor shall collaborate in good faith to assign earn back performance levels ("Earn Back Performance Levels") for certain MASLs that the County identifies as desirable to receive improvements in performance above and beyond the minimum acceptable level, and to establish for each such MASL a number of months that such Earn Back Performance Levels must be met immediately following such Failure to earn back a percentage of a Fee Reduction assessed for such Failure, which percentage shall also be mutually agreed to by the Parties. In the event the County and Contractor are unable to reach written agreement by a date not later than thirty (30) days before the Cutover of each of the Service Frameworks on (i) the MASLs for that Service Framework that will be subject to Earn Back Performance Levels, (ii) the actual establishment of such Earn Back Performance Levels, or (iii) the percentage of the previously assessed Fee Reduction that can be earned back for each such MASL, then such implementing details may be established by the County in writing. The Parties acknowledge and agree that not all MASLs shall be subject to earn back.

2.7.1 Earnback of MASL Related Fee Reductions

Contractor may earn back a portion of a MASL-related Fee Reduction for overachievement of a previously failed MASL in the following and successive months. The right to earn back MASL-related Fee Reductions shall begin on October 1, 2010, and shall apply to only those MASLs failed on or after October 1, 2010. Contractor's earn back of MASL-related Fee Reductions shall be subject to the following conditions:

- 2.7.1.1 During the time until the Transaction Response Time MASL has been implemented, Contractor's MASL-related Fee Reduction earn back amount shall be no greater than fifty percent (50%) of the applicable MASL-related Fee Reduction.
- 2.7.1.2 With the implementation of the Transaction Response Time MASL, Contractor's MASL-related Fee Reduction earn back amount shall be no greater than seventy five percent (75%) of the applicable MASL-related Fee Reduction. Should the County determine not to implement the Transaction Response Time MASL, starting the month following that determination or 1 Jan 2011, whichever occurs first, the earn back shall increase from the 50% level to the 75% level.
- 2.7.1.3 Earn back will apply on a MASL-by-MASL basis. Fee Reductions for an earlier failed MASL cannot be earned back by overachievement on a different MASL.
- 2.7.1.4 Contractor may earn back a MASL-related Fee Reduction for any failed MASL that is based on a percentage threshold except for MASL 81 (Work Request Budget Performance) and MASL 82 (Work Request Schedule Performance).
- 2.7.1.5 Contractor shall earn back the allowed portion of a MASL-related Fee Reduction by achieving in the immediately successive month(s), a higher MASL level than the MASL level required for that MASL in the Agreement. At the 75% earn back level upon successful completion of the heightened MASL requirement as set forth below, Contractor will earn back twenty-five percent (25%) of the appropriate MASL-related Fee Reduction for each month within a three month window that Contractor achieves the overachievement threshold for the MASL. At the 50% earn back level upon successful completion of the heightened MASL requirement as set forth below, Contractor will earn back twenty-five percent (25%) of the appropriate MASL-related Fee Reduction for each month within a two month window that Contractor achieves the overachievement threshold for the MASL. Contractor may earn back no greater than seventy-five percent (75%) of the applicable MASL-related Fee Reduction.
- 2.7.1.6 If a month, or months, occurs during the earn back period after a MASL failure in which there is no data to calculate MASL performance, for the previously failed MASL, due to lack of data, then the earn back window for the over-achievement earn back will be extended by the number of months

without a MASL calculation (i.e., provided that there are no subsequent MASL failures, for the MASL in question, during the period

2.7.1.7)The MASL level required for earn back shall be the midpoint between the then-applicable MASL level and one hundred percent (100%), or zero percent (0%) for those MASLs where the lowest percentage would define perfection. For purposes of clarity and as an example, if Contractor fails to achieve a MASL for which the minimum MASL level is ninety percent (90%), then to earn back a Fee Reduction for that MASL, Contractor's earn back MASL level would be ninety-five percent (95%).

2.7.1.8 Contractor may only earn back MASL-related Fee Reductions for applicable MASLs within the earn back period following a MASL Fee Reduction. For purposes of clarity and as an example, at the 75% earn back level if Contractor incurs a MASL-related Fee Reduction in October 2010, Contractor may earn back 25% for each month during the period November 2010, December 2010, and January 2011 for which the applicable over achievement MASL level was achieved. Each of the three months is considered an independent event. If there is no data to calculate a MASL for December 2010 the time period would be extended to February 2011. If Contractor fails to achieve the heightened MASL in any month during the earn back period, then Contractor would not receive the 25% earn back for the months in which the heightened performance was not achieved. Therefore, continuing with the foregoing example, if Contractor achieves the heightened MASL level in November 2010 but fails to achieve the heightened MASL level in December 2010, Contractor would receive twenty-five percent (25%) of the MASL-related Fee Reduction for the November MASL achievement, but would not receive the twenty-five percent (25%) available for December 2010. However if the Contractor achieved the heightened earn back again in January 2011 the 25% earn back would apply. The Contractor would have realized 50% of the related Fee Reduction over the three month period in the above example. The Contractor may earn 25% of the related Fee Reduction for each of the next three months after a MASL failure for all months the Contractor meets or exceeds the over achievement threshold up to a total of 75% of the related Fee Reduction. If the base MASL threshold is missed again during the earn back period, then the earn back period for the base MASL is terminated, and the cycle of earn backs starts again with the next month.

2.7.1.9 Contractor's earn back of MASL-related Fee Reductions is conditioned upon Contractor providing to County timely and auditable data supporting Contractor's achievement of the heightened MASL level.

2.8. Changes to Weighting Factors

No more than once every six (6) months during the Term, the County may make changes to the Weighting Factor for any MASL by sending written notice (which notice may contain changes to multiple MASLs) to Contractor at least thirty (30) days prior to the date that such new percentages are to be effective. With respect to the addition of

MASLs the County shall modify the Weighting Factors for the MASLs such that the sum of the Weighting Factors for all MASLs does not exceed the MASL At Risk Pool.

END OF SCHEDULE